

House Appropriations Committee Overview of Virginia International Terminals (VIT)

October 15, 2012

**Ms. Charlotte P. Herndon, CPA
Chairman of the Board
Virginia International Terminals, Inc.**

VIT RESULTS

VIT operates the 6th largest port in the U.S .
and 3rd largest port on the U.S. East Coast.

VIT is ranked #2 within the Signal Mutual portfolio, the premier insurance mutual for maritime industry , specifically amongst the Stevedore category, with regard to Lost Time Incident Rate.

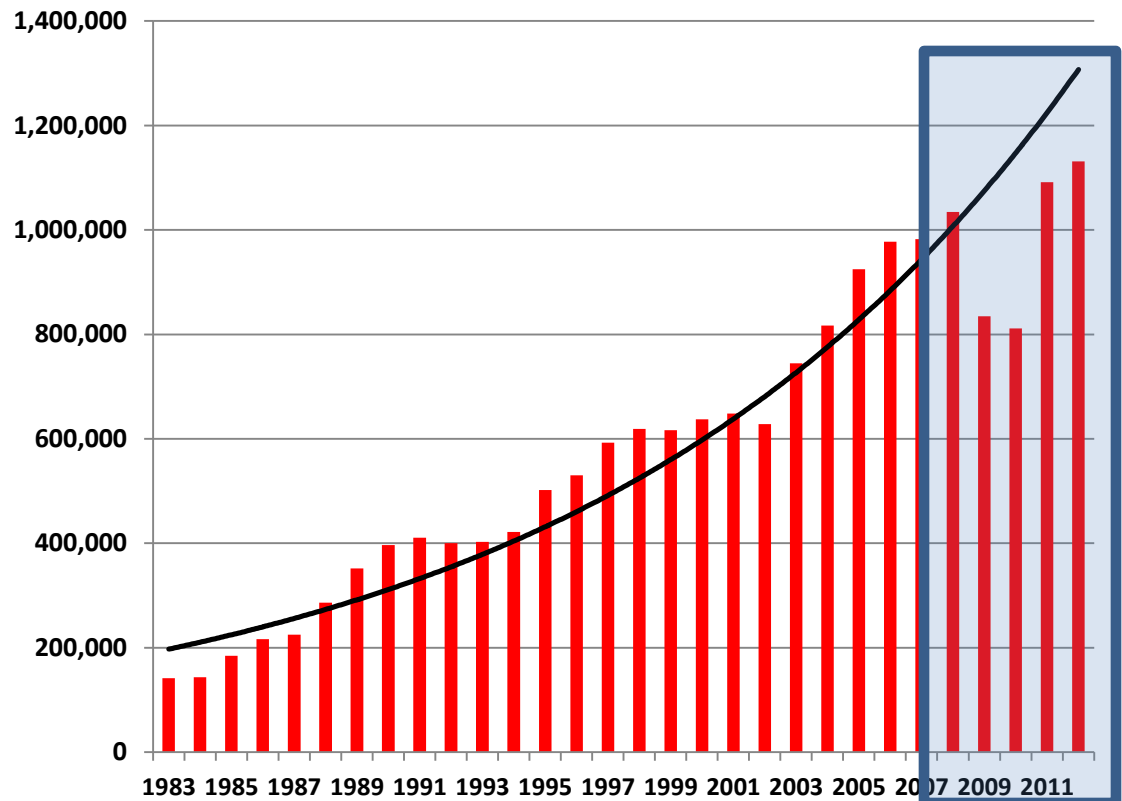
VIT is ranked #2 for Intermodal Market share at 40%, just behind New York at 41%.

Container Growth since 1983:
141,892 to 1,130,999 in 2012, an 8 fold increase.

Gross Revenues per year since 1983:
\$28 Million to \$299 million in 2012, a 10 fold increase.

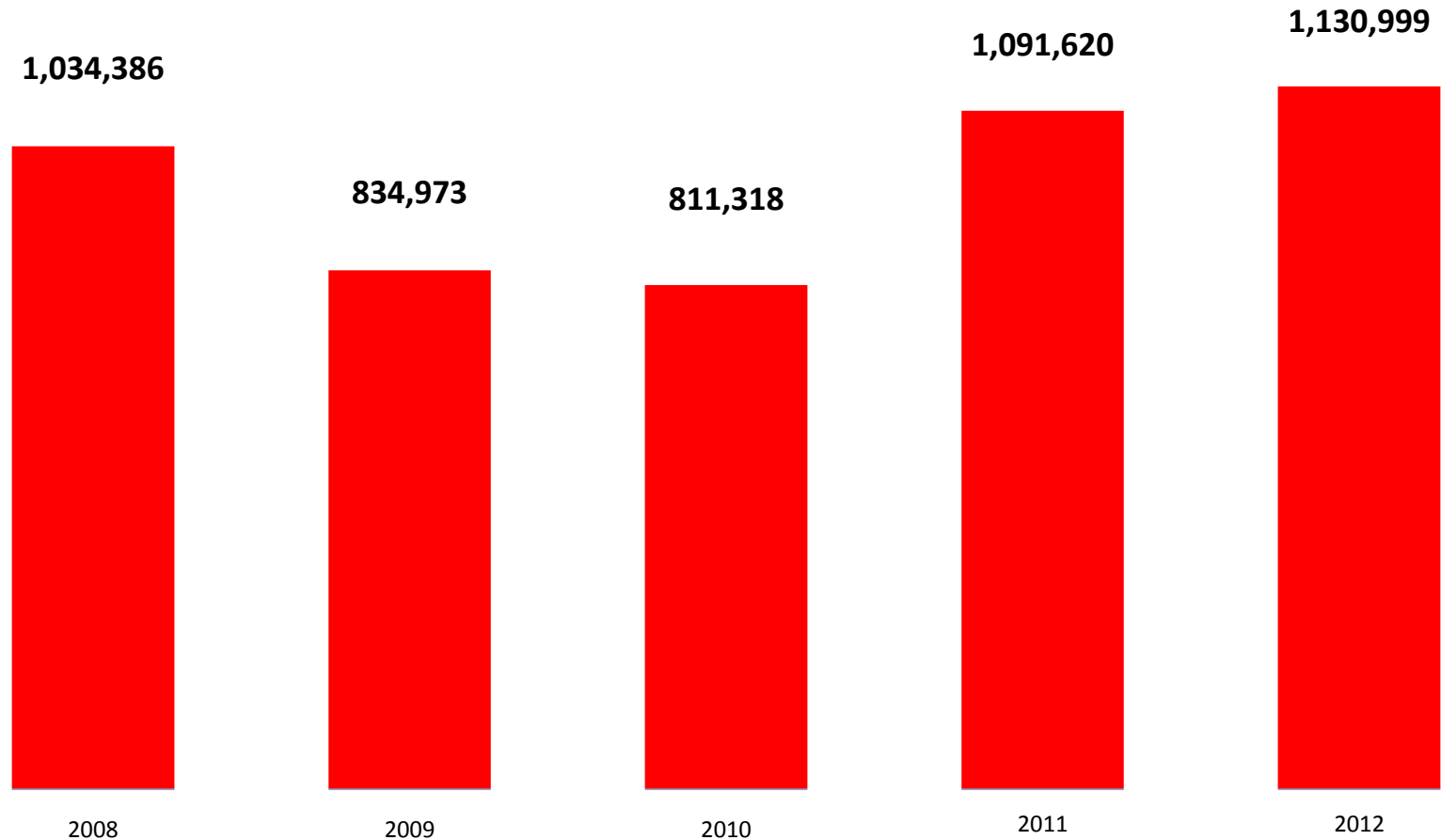
Net Income per year since 1983:
\$4.5 million to \$93.3 million in 2012, a 20 fold increase.

Container Volume Growth Virginia International Terminals, Inc. 1983-2012



Container Volumes

Virginia International Terminals, Inc.



VIT INNOVATIONS

Virginia Inland Port – developed to reach into the Baltimore market while creating economic benefit to Virginia's Frederick and Warren Counties.

Post Panamax Cranes – first port on the US East Coast to deploy in anticipation of larger vessels.

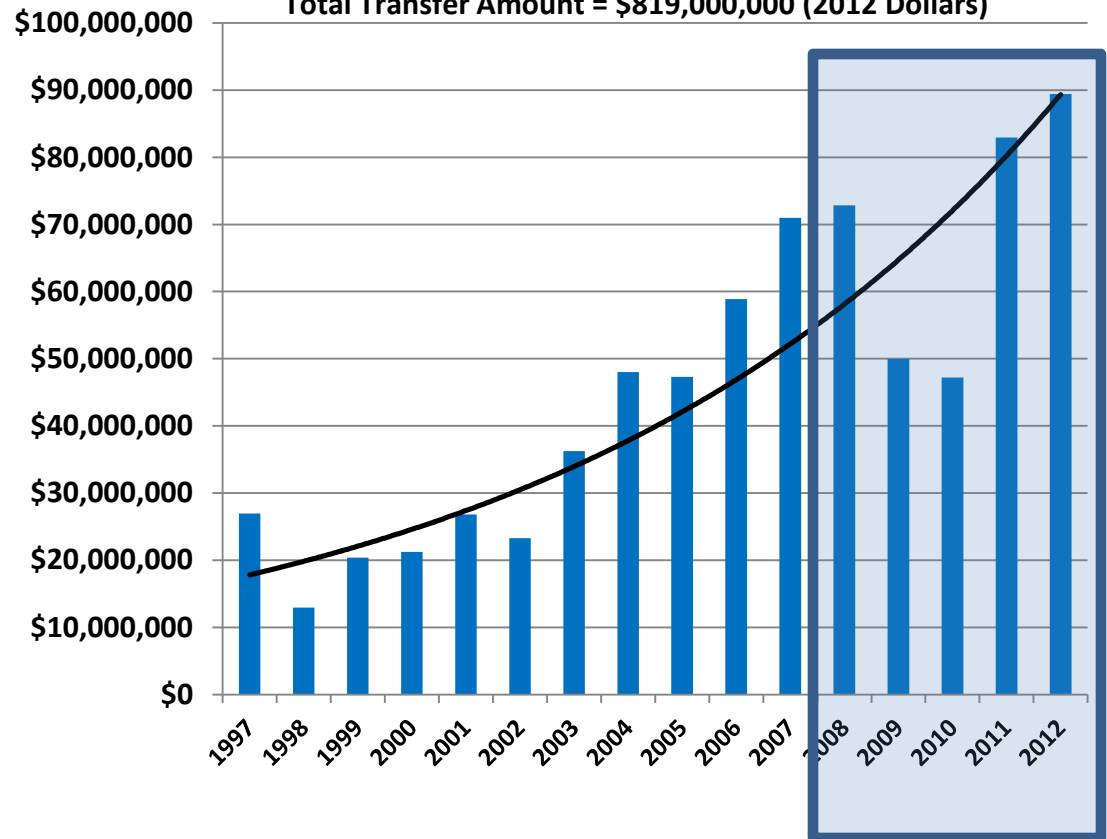
HRCP 2 Chassis Pool – widely recognized as the first Port-wide and most efficiently run common user chassis pool.

Portsmouth & Norfolk Container Yards – removing congestion from area highways and the Marine Terminals while allowing the Motor Carrier community to become more efficient.

Operation Port Plus – a comprehensive, port wide project to develop best in class practices for all facets of maritime activities.

Cash Transfers to the VPA Virginia International Terminals, Inc. 1997-2012

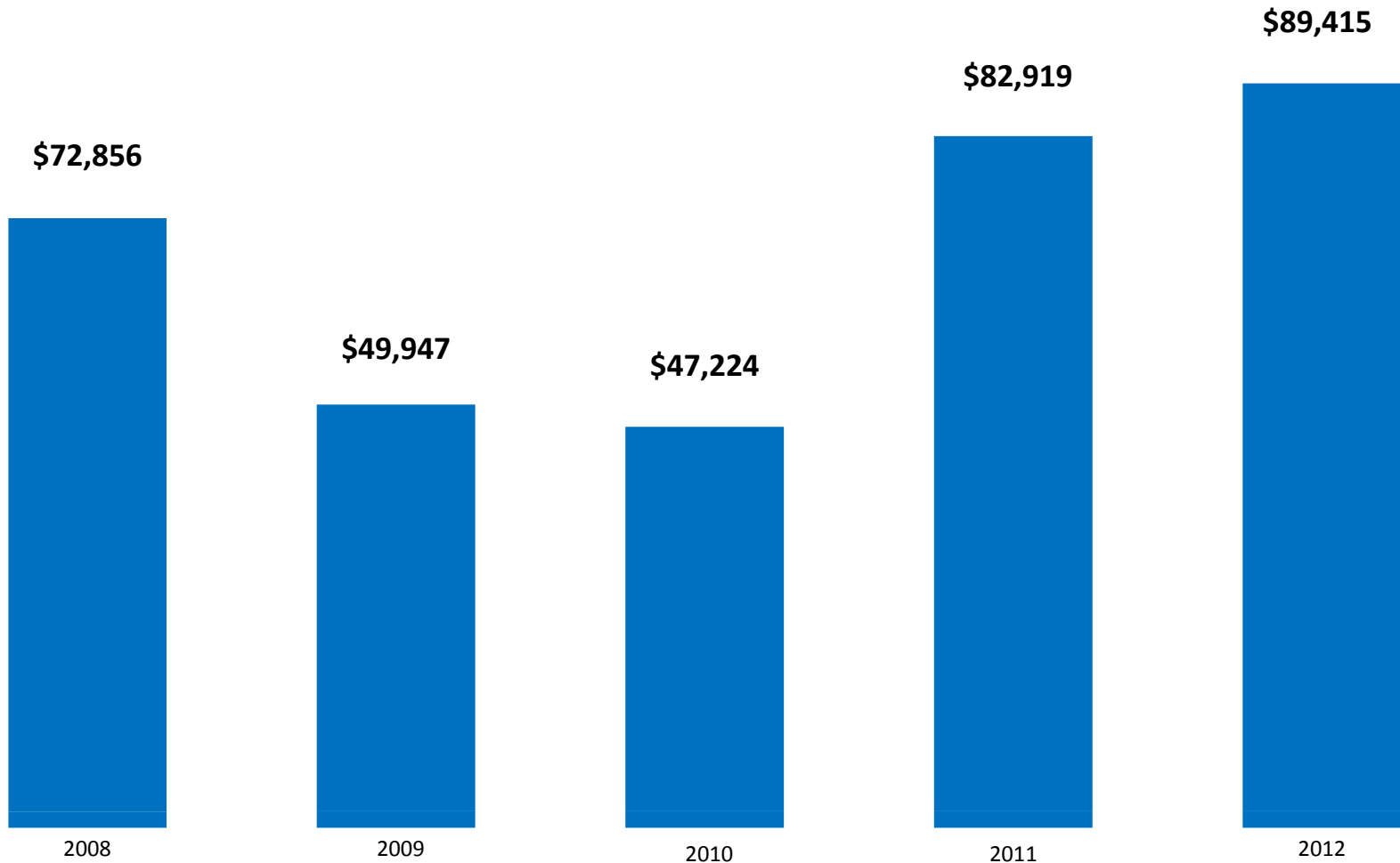
Total Transfer Amount = \$819,000,000 (2012 Dollars)



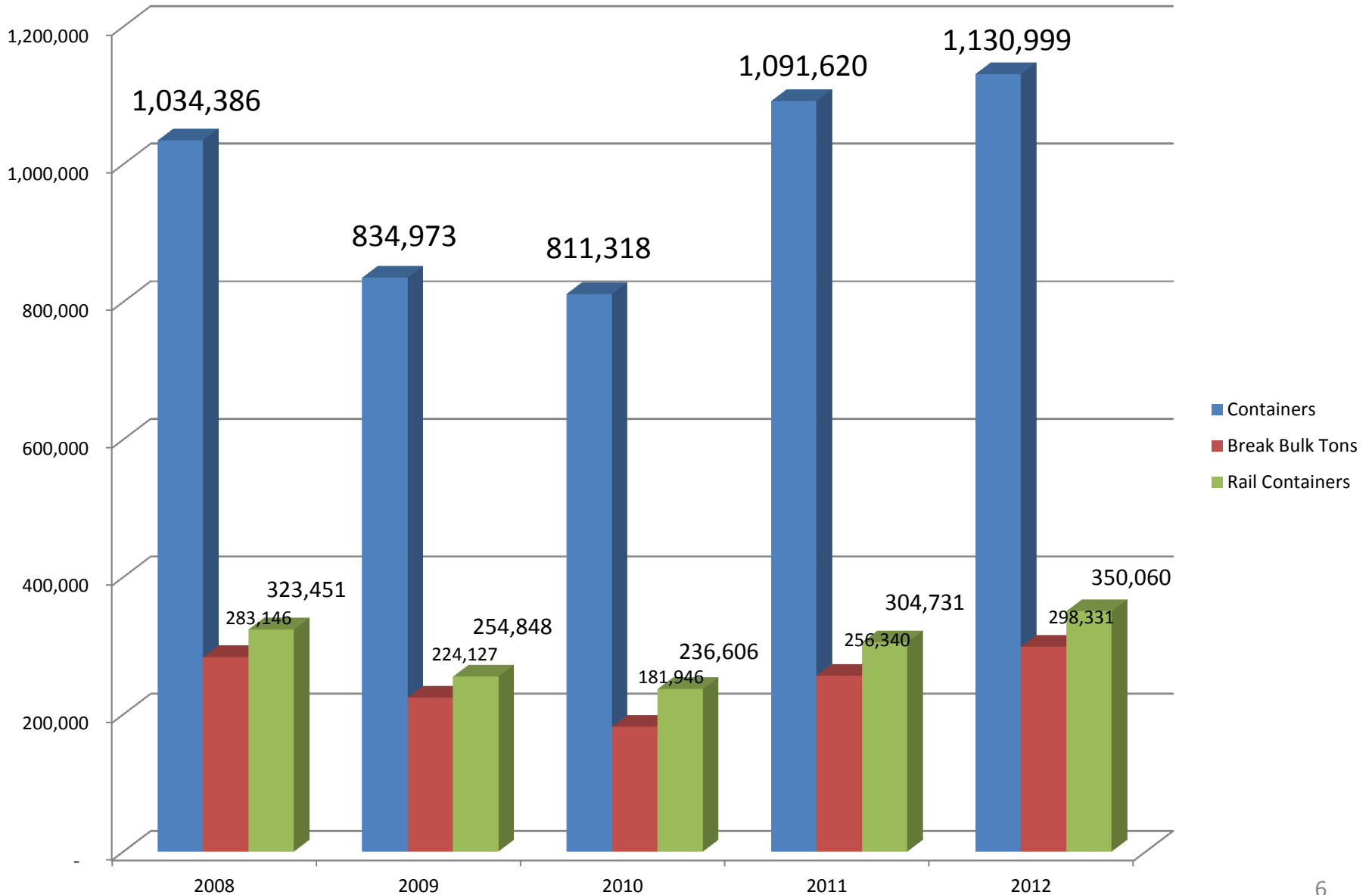
Cash Transfers to the VPA

Virginia International Terminals

(Figures shown in millions)

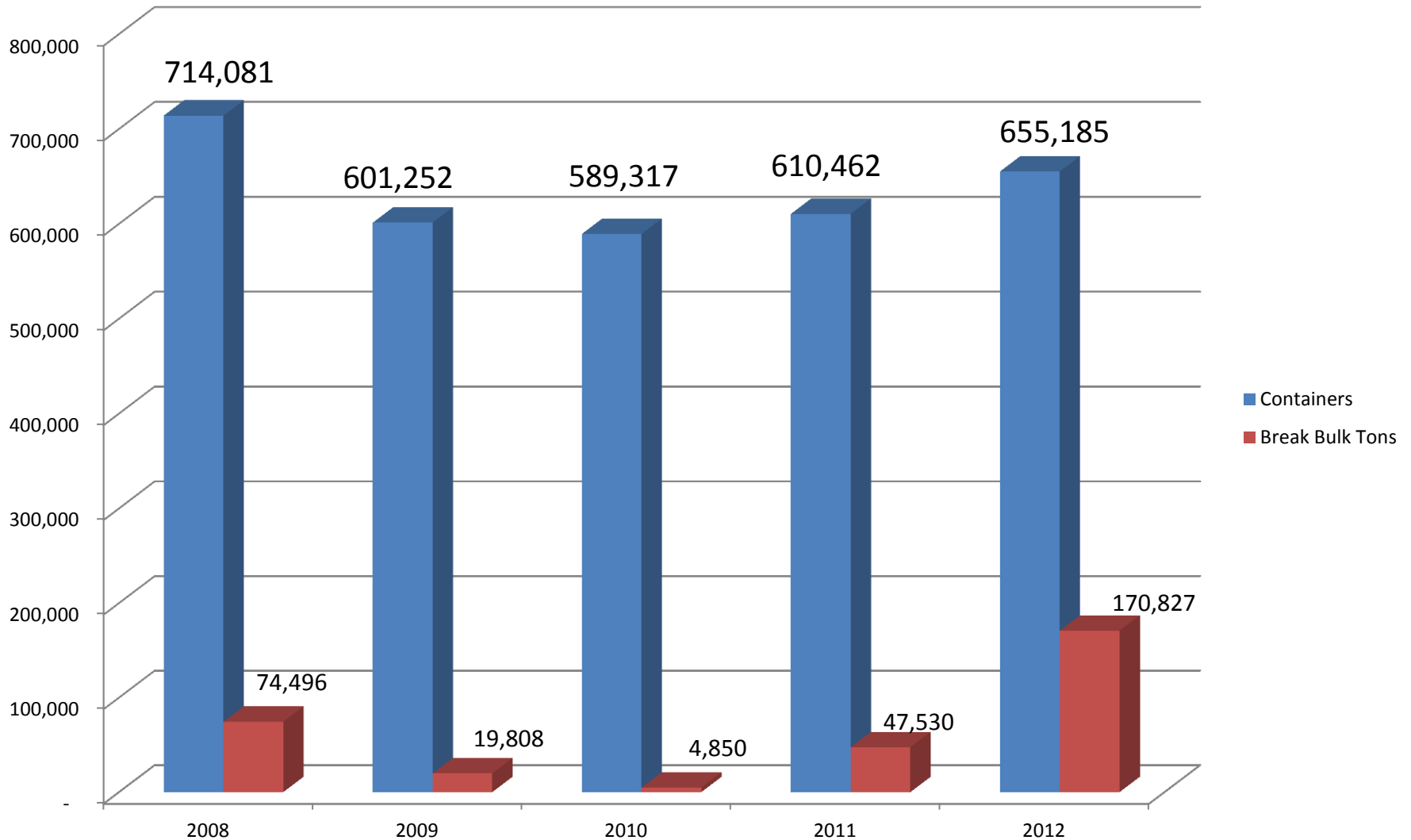


Virginia International Terminals 5 Year Performance

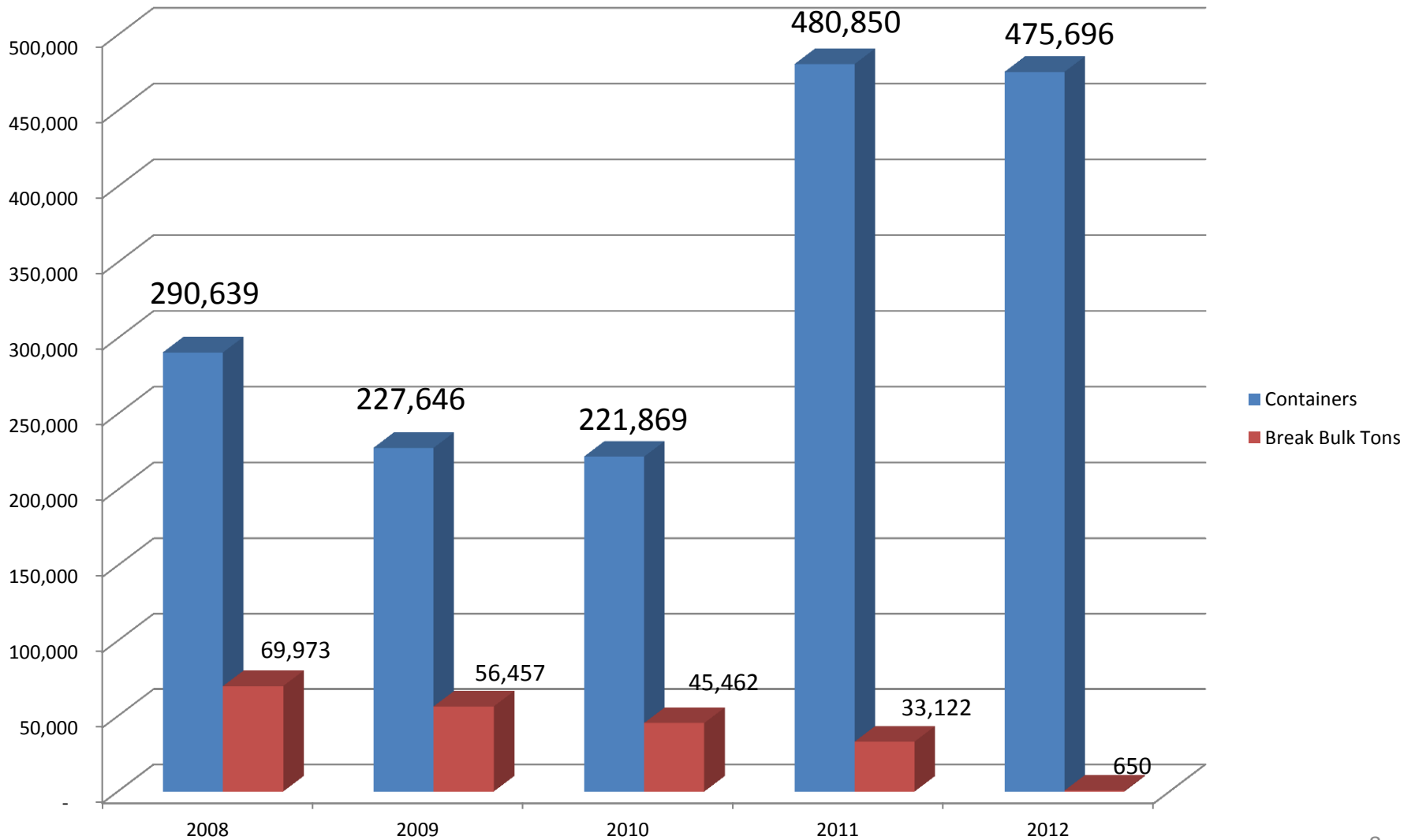


Norfolk International Terminals

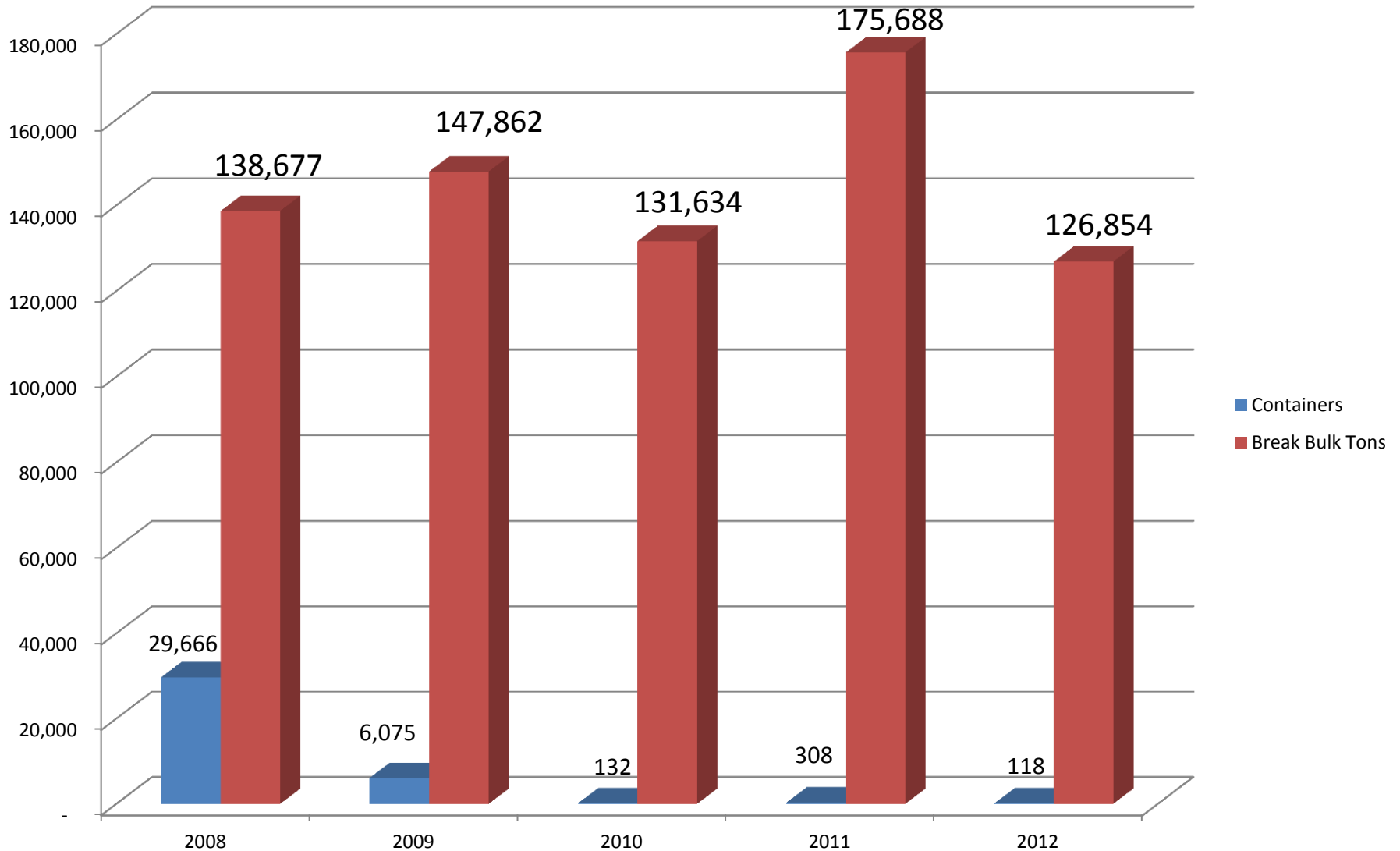
5 Year Performance



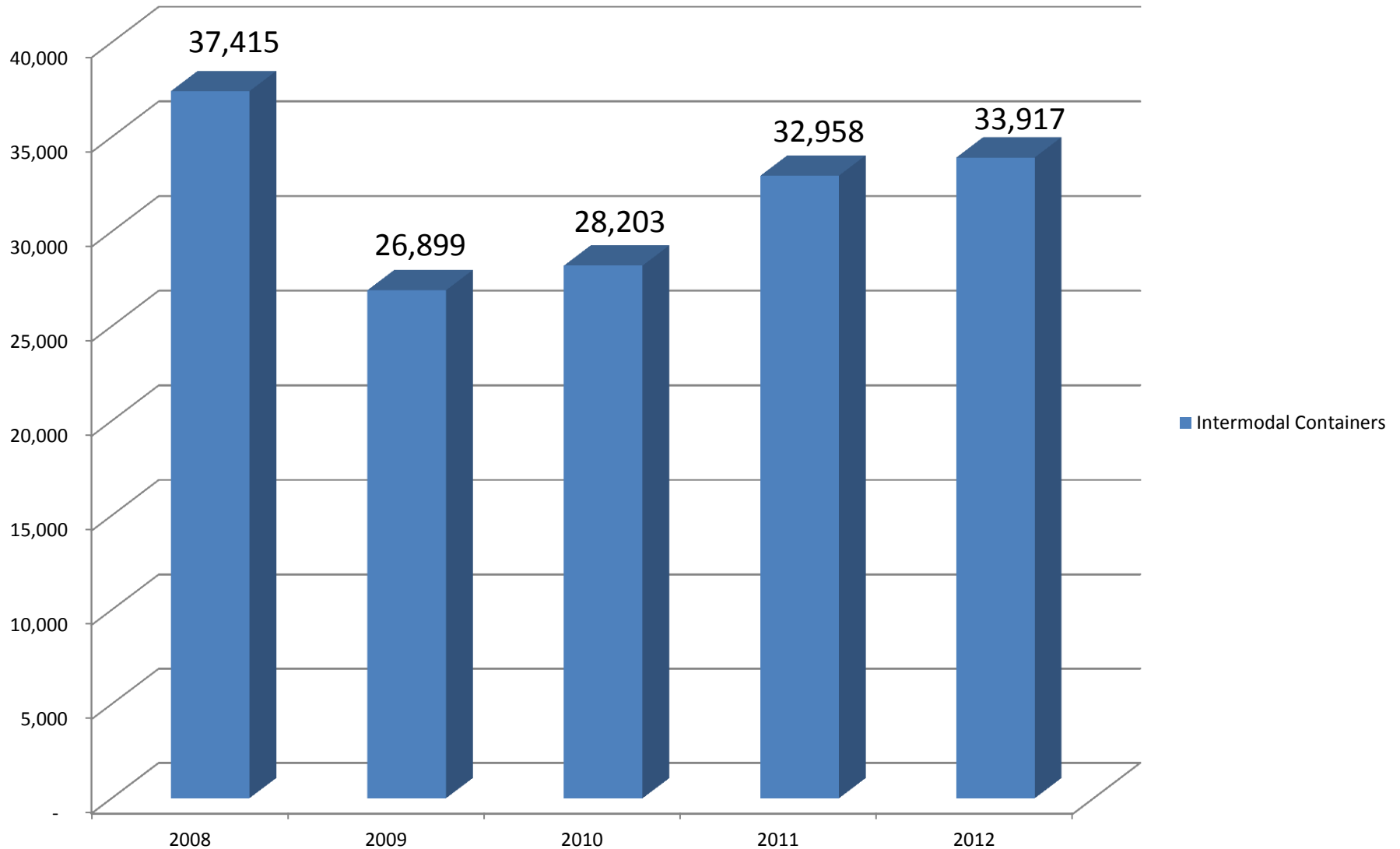
Portsmouth Marine Terminal/ APM Terminals Virginia 5 Year Performance



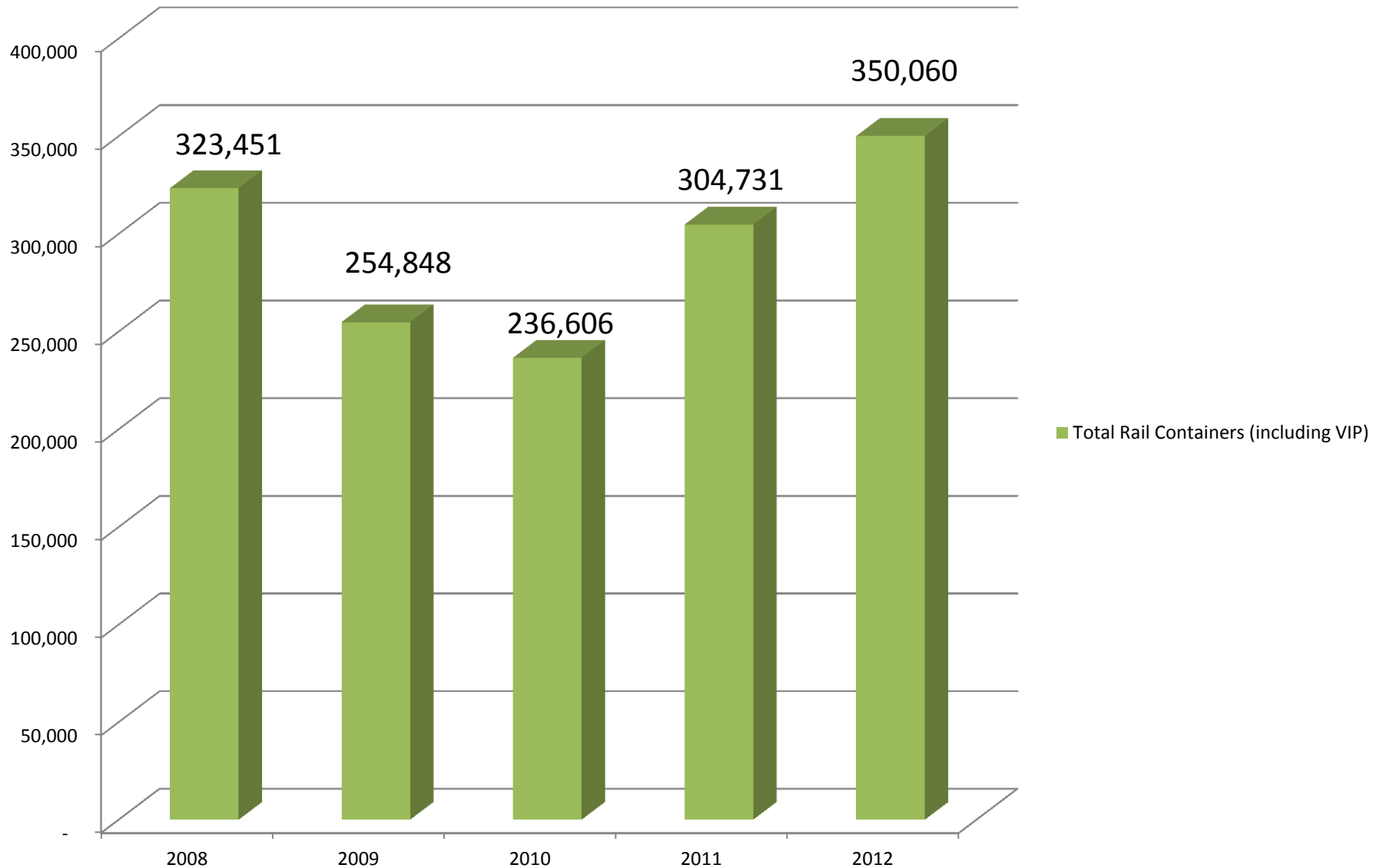
Newport News Marine Terminal 5 Year Performance



Virginia Inland Port 5 Year Performance



Total Rail Containers (including Virginia Inland Port) 5 Year Performance



VIT MARKETING HIGHLIGHTS

POST RECESSION

[New Greensboro Rail Service](#) with Norfolk Southern and handled 5,236 TEUs in the first 8 months of operation.

[Captured 2](#) last out services and 1 first in, vessel services.

[Captured 4](#) new weekly vessel services.

[Captured 2](#) vacant trade lane vessel services.

[Midwest Intermodal freight](#) increased by [15 %](#).

[On-Dock trans-load](#) business increased by [39%](#).

[Vehicles](#) to the Port of Virginia increased by [11, 224](#), a [25%](#) increase.

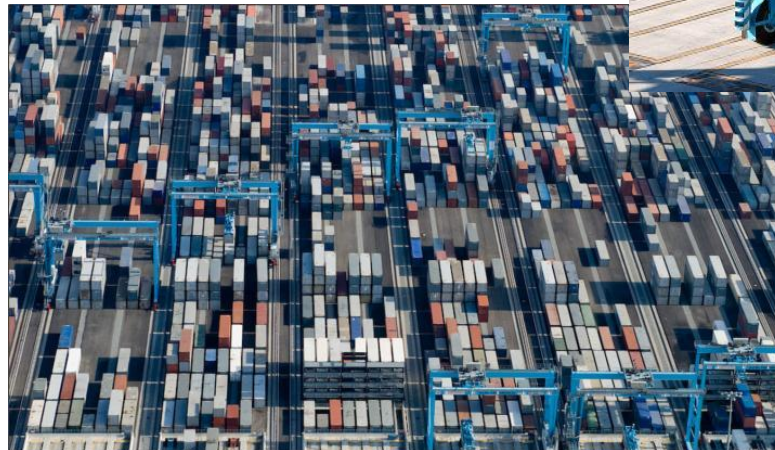
[Break Bulk cargos](#) increased by [16%](#).



CAPITAL EXPENDITURES 1997 to PRESENT

Since 1997, projects and equipment have been funded using only Terminal Revenues and the Commonwealth Transportation Trust Fund (TTF) allocations.

No General Fund revenue has been used by the Virginia Port Authority.



The Future

VIT & The Commonwealth of Virginia



VIT VALUE

VIT's sole duty is to the citizens of the Commonwealth of Virginia. A private operator's duty is to its shareholders.

VIT promotes only Virginia. A private operator will promote alternate areas of its operation when it is financially advantageous to do so.

VIT promotes private firms so they may thrive within the terminals' operating structure, such as the private stevedores, maintenance, and repair companies.

VIT presents the lowest risk option to the Commonwealth.

VIT's policies have enabled entrepreneurial ventures to succeed, such as the 64 Express Richmond Barge operation and Cross Globe Inc., bringing innovative ideas, commerce, and jobs to the Commonwealth.

VIT has had a more than significant role in creating:

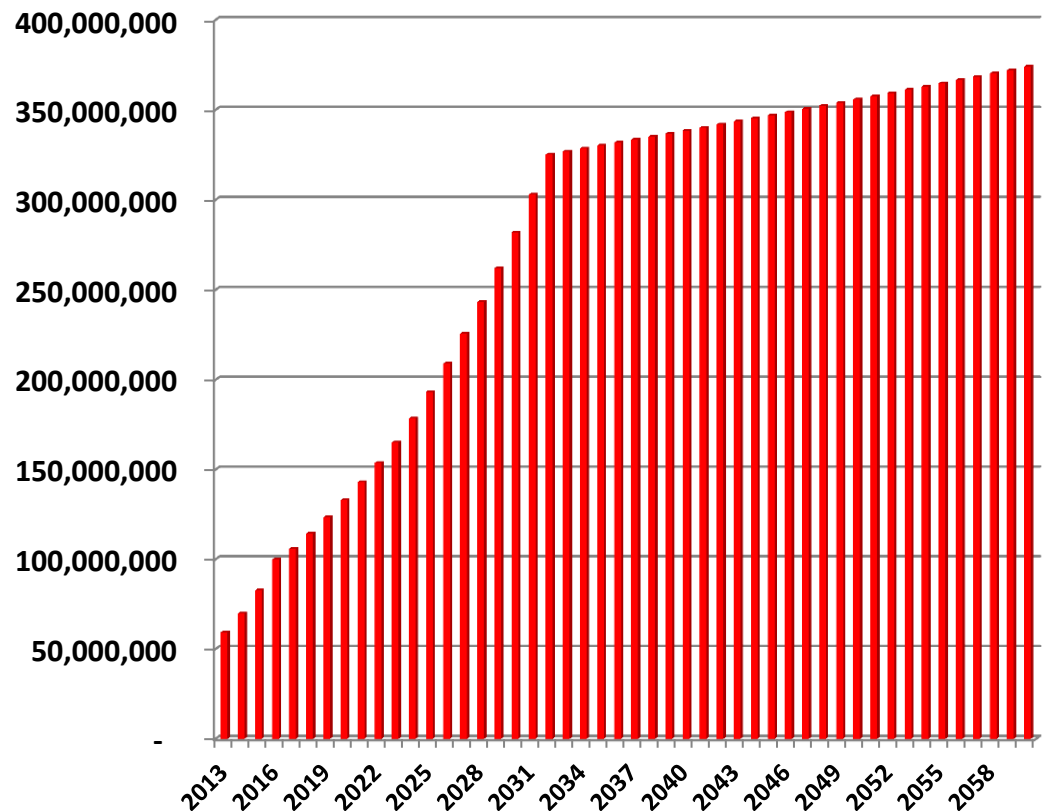
- 343,000 Virginia Jobs
- 41.1 billion in revenue
- 13.5 billion in employee compensation
- 1.2 billion in tax revenue

VIT SERVES VIRGINIA AND VIRGINIA ONLY, NOT ANOTHER REGION, STATE, PORT, OR CITIZENRY.

Virginia International Terminals Future Cash Transfers to the VPA

\$13 Billion (Net of APMT Rents)

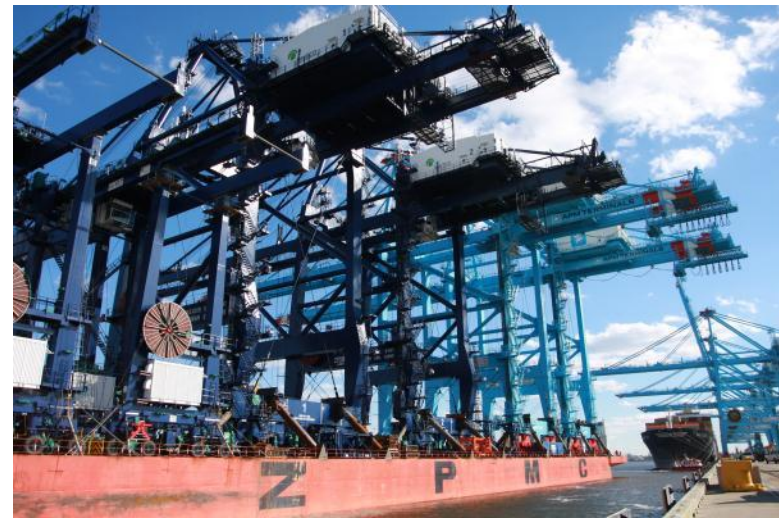
(48 year period commencing 2013)



NET PRESENT VALUE > \$3.7 Billion

FUTURE CAPITAL EXPENDITURES

The anticipated future capital requirements discussed below are consistent with the VPA 20 year Master Plan. All are expressed in 2012 dollars.



Total Capital expenditures at VPA's terminals over the next 20 years are estimated to be \$906 million.

Approximately \$241 million of this figure is to accomplish the APMT Phase II expansion. This will be funded from Terminal Revenues.

The remaining balance, approximately \$665 million, is for terminal maintenance and equipment replacement. These also will be funded from Terminal Revenues.

Terminal Revenues are generated by VIT's operations.

THE PORT OF VIRGINIA'S POTENTIAL :

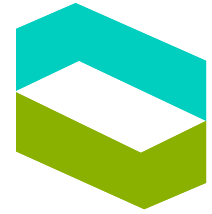


THE WIDENING OF THE PANAMA CANAL HAS YET TO HAVE AN EFFECT.

VIRGINIA IS THE ONLY PORT ON THE EAST COAST OF THE UNITED STATES THAT HAS 50' CHANNELS , NO OVERHEAD OBSTRUCTIONS, AND NO TIDAL CONCERNS. IN ADDITION, OUR AUTHORIZATION TO TAKE THE CHANNEL TO 55' AND THE SEA CHANNEL TO 60' ARE CLEARLY ADVANTAGES THAT WILL ENHANCE THE VALUE OF THE PORT OF VIRGINIA IN YEARS TO COME.

WITHIN THE NEXT 10 YEARS, VIRGINIA WILL BE THE ONLY PORT ON THE U.S. EAST COAST THAT WILL BE ABLE TO HANDLE THE GLOBAL FLEET OF CONTAINERIZED VESSELS IN EVERY WEATHER CONDITION.



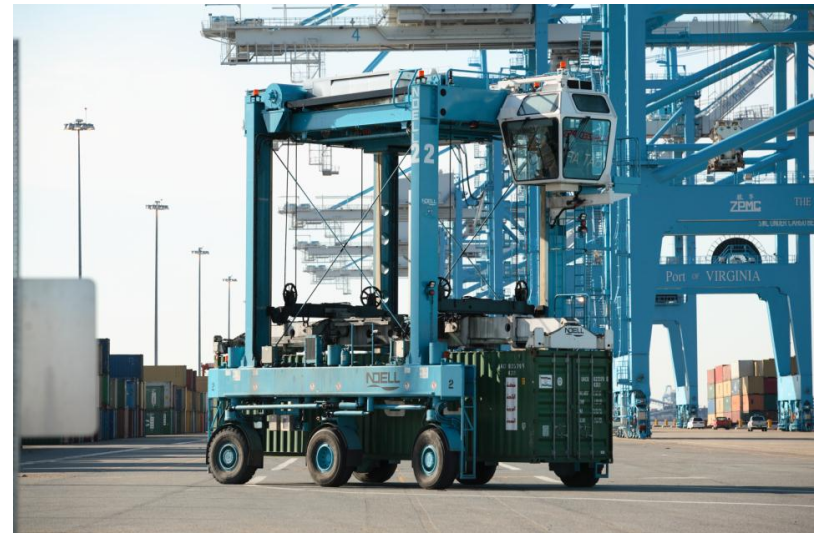


VIRGINIA INTERNATIONAL TERMINALS:

THE LOWEST RISK OPTION AVAILABLE

PROVIDES FLEXIBILITY TO THE COMMONWEALTH TO REACT TO ECONOMIC CHANGES. WITH A 48 TO 50 YEAR CONCESSION, THAT CONTROL IS LOST, ESSENTIALLY FOR A LIFE TIME.

THE COMMONWEALTH OF VIRGINIA IS THE SOLE BENEFICIARY OF ALL MONETARY AND ECONOMIC BENEFITS GENERATED BY VIRGINIA INTERNATIONAL TERMINALS .



THANK YOU

